

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
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**STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY AND  
COMMERCE SECRETARY WILLIAM M. DALEY UPON  
RELEASE OF U.S.-JAPAN AUTOMOTIVE AGREEMENT MONITORING REPORT**

United States Trade Representative Charlene Barshefsky and Commerce Secretary William Daley today issued the following joint statement concerning the sixth semi-annual monitoring report of the U.S.-Japan Automotive Agreement which covers the period of September, 1998 - March, 1999:

“This report comes at a time of broad restructuring in the automotive industry and while Japan’s recession is continuing unabated. To ensure that this restructuring serves to enhance competition in the automotive market in Japan, the Administration believes that improving market access and undertaking substantial deregulation must be a priority for Japan. Japan’s over regulation of this sector has served to preserve the status quo, hurting auto and auto parts companies, including foreign firms. Indeed, sales of U.S.-based auto manufacturers declined 35 percent in 1998, while U.S. auto parts exports fell more than 7 percent in 1998, the first decline since the 1995 Automotive Agreement was signed.

“We are determined to continue working to improve market access for U.S. auto and auto parts manufacturers and we strongly urge the Japanese Government to further open and deregulate its auto and auto parts market to achieve the goals of the Agreement and to help spur Japanese economic growth. We have discussed our concerns over recent trends with our Japanese Government counterparts and have provided Japan with concrete proposals for generating further progress under the Agreement, including measures to eliminate unnecessary regulations in the auto parts market and to strengthen competitive prospects for auto dealerships selling foreign cars. Japan has responded positively to some of these proposals. For example, Japan has agreed to streamline new car registration procedures and to create a new class of certified mechanics, increasing the competitiveness of smaller, independent garages, which are more inclined to use foreign auto parts. However, Japan needs to take significant additional actions. In particular, Japan should streamline its vehicle and inspection repair system and remove additional items from the critical parts list. We urge Japan to implement these proposals expeditiously and will continue to consult closely with the

Japanese Government on these issues in the weeks and months ahead.”

The full report can be found on the U.S. Trade Representative’s homepage at [www.ustr.gov](http://www.ustr.gov) and on the U.S. Department of Commerce’s Office of Automotive Affairs homepage at <http://www.ita.doc.gov/auto>.